



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0061	Title:	Increase fire assessment rate
Primary Sponsor:	Erickson, R.	Status:	Second Reading

- | | | |
|-----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Include in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$3,751	\$3,770	\$3,864	\$3,961
Revenue:				
State Special Revenue	\$768,271	\$782,108	\$801,660	\$821,702
Net Impact-General Fund Balance	\$0	\$0	\$0	\$0

Description of Fiscal Impact:

76-13-207, MCA directs the department to cause an assessment to be made on the owners of classified forest land per 76-13-201, MCA, sufficient to bring the total amount received from the landowners to no greater than one-third of the amount specified in the appropriation for fire pre-suppression. DNRC FY 2007 assessment appropriation is approximately \$2.7 million while the assessment fees are approximately \$2.5 million. This legislation allows DNRC the ability to generate revenues equal to 33.33% of the general fund appropriation, with a statutory maximum of \$45.00 per parcel and \$.25 per acre over 20 acres, which would be roughly \$3.3 million in FY 2008 and FY 2009.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources & Conservation (DNRC)

1. Assume DNRC assessment appropriation is \$3,268,271 for FY2008 and \$3,282,108 for FY2009 based on the current department budget request. The current assessment cap limits the department to collecting \$2.5 million annually. HB 61 would allow the department to increase the assessment in FY 2008 by \$768,271 and \$782,108 in FY 2009.

2. A 2.5% inflationary rate has been applied for FY 2010 and FY 2011.
3. Without the passage of HB 61, DNRC will not be able to fund the program at its current capacity due to the assessment fee limitation within current law. Therefore, reductions would have to occur in each year of the biennium. These reductions would most likely be applied to equipment, staffing, training, and services.
4. An additional change with this legislation is that the smaller parcels will now fund 60% of the overall assessed amount, while the larger (> 20 acres) will fund 40%. Currently this split is 50% for both large and small parcels as defined in administrative rule. The proposed legislation moves this 60/40 split into language within statute.

Department of Fish, Wildlife and Parks (FWP)

5. FWP currently owns approximately 175,159 forested acres in 23 fire districts that are assessed for fire protection by the DNRC.
6. FWP currently pays \$30 for the first 20 acre parcel in each of the 23 fire districts and \$0.20/acre thereafter ($\$30 \times 23 \text{ districts} = \690) + ($\$0.20 \times 174,699 \text{ acres} = \$34,940$) for a total of \$35,630.
7. Under this legislation; for FY 2008 FWP will be required to pay \$41.25 for the first 20 acre parcel in each of 23 fire districts and \$0.22/acre thereafter ($\$41.25 \times 23 \text{ districts} = \947.60) + ($\$0.22 \times 174,699 \text{ acres} = \$38,433.78$) for a total of \$39,381.38 and for FY 2009 FWP will be required to pay \$42.00 for the first 20 acre parcel in each of 23 fire districts and \$0.22/acre thereafter ($\$42.00 \times 23 \text{ districts} = \966.00) + ($\$0.22 \times 174,699 \text{ acres} = \$38,433.78$) for a total of \$39,399.78.
8. FWP currently pays \$35,630 annually for fire protection by the DNRC. This legislation will have fiscal impact of \$3,751 in FY 2008 and \$3,770 in FY 2009. A 2.5% inflation rate has been applied for FY 2010 and FY 2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
DNRC				
<u>Revenues:</u>				
State Special Revenue (02)	\$768,271	\$782,108	\$801,661	\$821,702
FWP				
<u>Expenditures:</u>				
Operating Expenses	\$3,751	\$3,770	\$3,864	\$3,961
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$3,751	\$3,770	\$3,864	\$3,961
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$764,520	\$778,338	\$797,796	\$817,741

Long-Range Impacts:

1. If the DNRC legislatively appropriated amount increases in future biennia, the FWP payment will also increase. The payment is calculated based on the appropriated amount.

Technical Notes:

1. Passage of HB 61 will result in fiscal impacts to private landowners. Currently, landowners are assessed a fee of \$30.00 for a 20 acre parcel, and \$0.20 for each acre exceeding 20 acres. For FY 2008, under proposed legislation, rates would be raised to roughly \$41.25 for a 20 acre parcel and \$.22 for each acre exceeding 20 acres in order to support 33% of the total proposed fire appropriation. For FY 2009, under proposed legislation, rates would be raised to roughly \$42.00 for a 20 acre parcel, and \$.22 for each acre exceeding 20 acres, in order to support 33% of the total proposed fire appropriation.

Sponsor's Initials

Date

Budget Director's Initials

Date